

Message Text

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TO AMEMBASSY BRASILIA

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E.O. 11652: N/A

TAGS: PFOR, ETRD, BR

SUBJECT: MEMORANDUM OF AMBASSADOR EBERLE'S TRADE
CONSULTATION IN BRAZIL

1. DURING TRADE CONSULTATIONS WITH GOB OFFICIALS IN
BRASILIA AMBASSADOR EBERLE OFFERED TO SEND THE GOB A MEMO-
RANDUM OF THE U.S. UNDERSTANDING OF THE SUBSTANCE OF THE
CONSULTATIONS. THE MEMORANDUM SHOULD BE DELIVERED TO
APPROPRIATE GOB OFFICIALS. NO REPLY IS EXPECTED THOUGH WE
WOULD BE PLEASED TO RECEIVE ANY COMMENTS THAT THE GOB MAY
WISH TO MAKE. THE MEMORANDUM FOLLOWS.

2. QUOTE. ON APRIL 24, 1974 A DELEGATION FROM THE UNITED
STATES HEADED BY AMBASSADOR WILLIAM EBERLE MET IN BRASILIA
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WITH A BRAZILIAN DELEGATION HEADED BY ASSISTANT SECRETARY

FOR ECONOMIC AFFAIRS PAULO NOGUEIRA BATISTA TO DISCUSS MATTERS OF MUTUAL INTEREST IN THE TRADE FIELD.

AMBASSADOR EBERLE OPENED THE MEETING WITH A REVIEW OF THE CURRENT STATUS OF THE TRADE REFORM ACT CURRENTLY UNDER CONSIDERATION BY THE U.S. CONGRESS AND EXPLAINED THE COUNTERVAILING DUTY PROVISIONS CONTAINED IN THE BILL.

ASSISTANT SECRETARY BATISTA STATED THAT BRAZIL WAS INTERESTED IN INITIATING ACTION ON THE SUBSIDIES ISSUE IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) AND HOPED THAT THE U.S. WOULD INDICATE ITS WILLINGNESS TO BEGIN NEGOTIATIONS ON THIS SUBJECT. THE U.S. INDICATED ITS WILLINGNESS TO DO SO IF SUBSIDIES AND COUNTERVAILING DUTIES WERE TAKEN UP TOGETHER, AS BOTH ISSUES WERE LINKED AND DISCUSSIONS WOULD HAVE TO BE SIMULTANEOUS. IN RESPONSE TO BATISTA'S SUGGESTION OF CLOSE COORDINATION BETWEEN BRAZIL AND THE U.S. ON THIS ISSUE, EBERLE STATED THAT THE U.S. WOULD SEND BRAZIL AN OUTLINE OF THE U.S. APPROACH AND BATISTA REPLIED THAT BRAZIL WOULD FURNISH THE U.S. ITS IDEAS ON THE SUBJECT.

ON THE PROPOSED U.S. GENERALIZED SYSTEM OF PREFERENCES (GSP), DEPUTY ASSISTANT SECRETARY JOHN RENNER REVIEWED THE PROCEDURE FOR THE SUBMISSION OF PRODUCTS TO THE TARIFF COMMISSION FOR ITS ADVICE IN CONNECTION WITH THE POSSIBLE INCLUSION OF SUCH ITEMS IN THE GSP. HE ALSO EXPLAINED THE GSP PROVISIONS ON RULES OF ORIGIN AND COMPETITIVE NEED. HE REQUESTED THAT BRAZIL SUBMIT AN UPDATED LIST OF PRODUCTS OF INTEREST UNDER GSP WITH INDICATIONS OF PRIORITIES. AMBASSADOR EBERLE POINTED OUT THAT THE U.S. WOULD CONSULT WITH BRAZIL IF THERE WAS A PROBLEM REGARDING A PRODUCT WHICH BRAZIL INCLUDED ON ITS LIST.

ON TARIFF NEGOTIATIONS IN THE MTN, BATISTA STATED THAT WHILE TARIFFS ARE NOT A MAJOR BARRIER TO BRAZILIAN EXPORTS, THEY WERE NEVERTHELESS AN IMPORTANT PART OF THE MTN. BRAZILIAN OBJECTIVES IN THIS AREA INCLUDED:

(1) SPECIAL TREATMENT FOR DEVELOPING COUNTRIES, PARTICULARLY ON PRODUCTS FOR WHICH THEY ARE MAJOR SUPPLIERS;
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(2) NEED FOR DEEPER TARIFF CUTS ON PRODUCTS THAT WERE EXCLUDED FROM KENNEDY ROUND CUTS AND THAT ARE OF SPECIAL INTEREST TO THE DEVELOPING COUNTRIES; AND

(3) TARIFF ESCALATION ISSUE SO AS TO REDUCE TARIFF DIFFERENCES BETWEEN RAW MATERIALS AND PROCESSED GOODS.
BATISTA NOTED THAT THE DEVELOPING COUNTRIES WANT AN IM-

PROVEMENT OF GSP SCHEMES AND THEIR DEMANDS ON THIS POINT WOULD BE INFLUENCED BY RESULTS OF MFN NEGOTIATIONS, SUCH AS TEXTILES. BATISTA ALSO EXPRESSED AGREEMENT WITH THE NEED FOR SOME RECIPROCITY ON NON-TARIFF BARRIER ISSUES BUT ON TARIFFS, BRAZIL FULLY SUPPORTS THE GENERAL LATIN AMERICAN POSITION AGAINST RECIPROCITY.

ON QUANTITATIVE RESTRICTIONS (QR), BATISTA SUGGESTED THE ELIMINATION OF QR'S ON ALL PRODUCTS OF PARTICULAR INTEREST TO DEVELOPING COUNTRIES WITH A NEGOTIATED EXCEPTIONS LIST THAT COULD EVENTUALLY BE PHASED OUT. ON SUBSIDIES AND COUNTERVAILING DUTIES, BATISTA PROPOSED SPECIAL TREATMENT FOR OR EXEMPTION OF DEVELOPING COUNTRIES. SIMILARLY, THE SAFEGUARD CLAUSE (GATT XIX:1) SHOULD BE REPLACED BY A NEW ONE MORE FAVORABLE TO THE DEVELOPING COUNTRIES. RENNER EXPRESSED DOUBTS AS TO THE WISDOM OF RENEGOTIATING ARTICLE XIX AND SUGGESTED THAT IT WOULD BE BETTER TO BUILD ON IT AND CREATE NEW OPTIONS.

CONCERNING THE TREATMENT OF TROPICAL PRODUCTS IN THE MTN, BATISTA ACKNOWLEDGED THE COOPERATION OF THE U.S. IN THIS SUBCOMMITTEE OF TRADE NEGOTIATIONS COMMITTEE. HE FURTHER STATED THAT BRAZIL FAVORS KEEPING THE TROPICAL PRODUCT LIST OPEN BUT COMMENCING WORK SOON ON PRIORITY PRODUCTS.

ON THE SUPPLY ISSUE, BATISTA NOTED THAT THE OIL SITUATION MADE THE MTN MORE DIFFICULT FOR THE DEVELOPING COUNTRIES BUT ALL THE MORE NECESSARY. IN ANSWER TO HIS QUERY CONCERNING THE U.S. POSITION ON SUPPLY ARRANGEMENTS, THE U.S. DELEGATION RESPONDED THAT IT WOULD CONSIDER PROPOSALS THAT INCLUDE THE PARTICIPATION OF CONSUMERS.

IN HIS CLOSING REMARKS AMBASSADOR EBERLE ENCOURAGED FURTHER

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THEIR CLOSE AND FRANK CONSULTATIONS, AND SUGGESTED THAT WAYS BE SOUGHT TO MINIMIZE AS FAR AS POSSIBLE MAJOR DIFFERENCES BETWEEN BRAZIL AND THE U.S.

BATISTA CONCLUDED BY NOTING AGREEMENTS TO PROVIDE INFORMATION ON GSP PRODUCTS OF INTEREST AND TO CONSULT AND EXCHANGE INFORMATION ON SUBSIDIES. ALSO, HE OBSERVED THAT THE FUNDAMENTAL AGREEMENT BETWEEN THE U.S. AND BRAZIL AT THIS STAGE WAS THAT THE TRADE NEGOTIATIONS MUST SUCCEED. END QUOTE. SISCO

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